



Ernie Fletcher
Governor

Mark David Goss
Chairman

LaJuana S. Wilcher, Secretary
Environmental and Public
Protection Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Gregory Coker
Commissioner

Christopher L. Lilly
Commissioner
Department of Public Protection

July 27, 2005

Mindy G. Barfield
Attorney at Law
Dinsmore & Shohl, LLP
Lexington Financial Center
250 W. Main Street, Suite 1400
Lexington, KY 40507

CERTIFICATE OF SERVICE

RE: Case No. 2004-00458
Kentucky Utilities Company

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on July 27, 2005.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/jc
Enclosure

Mindy G. Barfield
Attorney at Law
Dinsmore & Shohl, LLP
Lexington Financial Center
250 W. Main Street, Suite 1400
Lexington, KY 40507

Kent W. Blake
Director State Regulations and Rates
Kentucky Utilities Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40232-2010

Honorable Elizabeth L. Cocanougher
Senior Corporate Attorney
Kentucky Utilities Company
c/o Louisville Gas & Electric Co.
P. O. Box 32010
Louisville, KY 40232-2010

Honorable J. Gregory Cornett
Attorney at Law
Ogden, Newell & Welch, PLLC
1700 PNC Plaza
500 West Jefferson Street
Louisville, KY 40202-2874

Honorable Dennis G. Howard II
Assistant Attorney General
Office of the Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive
Suite 200
Frankfort, KY 40601-8204

electric service. On January 4, 2005, KU copied the Commission on a letter that it sent to Continental. In the letter KU informed Continental that service would be disconnected on January 7, 2005 for failure to pay billings timely. As of the date of this Order, the Commission does not know the status of Continental's account with KU.

Continental neither disputes KU's right to request a deposit nor the amount of the deposit. Continental merely asserts that it is unreasonable to require that the deposit be paid in a lump sum instead of installments. KU, however, is under no legal obligation to allow a non-residential customer to pay its deposit in installments. Neither KU's tariff¹ nor 807 KAR 5:007, Section 7, the administrative regulation governing deposits, requires KU to accept installment payments for deposits. Judging from Continental's payment history, KU is within its rights to require a deposit and, furthermore, is within its rights to require that the deposit be made in one payment. The Commission therefore finds that KU's actions are reasonable in this case. KU, however, not having an obligation to do so, has offered to allow the deposit to be paid in three monthly payments of \$5,862.67 each.

The Commission finds that the complaint should be dismissed for failing to state a claim upon which relief may be based. The Commission also finds that KU has made an offer of satisfaction, and that it would be unreasonable to allow KU to withdraw this offer. This dismissal, therefore, is based on the understanding that KU continues to offer Continental the option of paying the deposit in three equal payments.

¹ KU Tariff Original Sheet 87, P.S.C. No. 13.

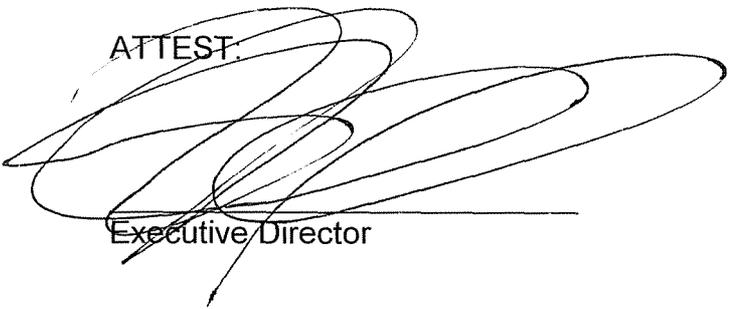
IT IS THEREFORE ORDERED that:

1. This case is dismissed for failing to state a claim upon which relief may be based.
2. This dismissal is contingent upon KU offering to Continental the opportunity to pay the deposit in three equal payments.

Done at Frankfort, Kentucky, this 27th day of July, 2005.

By the Commission

ATTEST:



Executive Director